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Your ref

Our ref
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A reform study on the impact of new market players in the postal sector on the Union and on its missions and activities - terms of reference

Dear Won-ja,

In your e-mail dated 14 April 2009, you ask for any preliminary ideas concerning the terms of reference for the reform study on the impact of new market players in the postal sector on the Union and on its mission and activities.

When we think of new market players in the postal sector, we habitually might tend to think of new private companies which start to compete in a sector so far dominated by state owned entities. In my opinion, we must also be aware of the fact that in Europe, almost 30 countries will in a few years have introduced abolition of postal monopolies throughout the region. This means that a lot of state owned entities will eventually get competition not only from private companies, but also from other state owned entities coming from one of the neighbouring countries. Some of the state owned entities will probably be part-privatised or fully privatised in the future, while several others will remain state owned.

I have here referred to the situation in Europe, but we will also see this development in other parts of the world. In addition, we must bear in mind that the mail volumes of Europe alone fill a substantial part of the total volumes of the world. Therefore this development will affect the total membership of UPU, and the Union itself.

We have already seen that state owned designated operators from one country start businesses in another country. This is expected to continue, and will thereby change the whole concept of a designated operator as we have become used to think of it.

For instance, in Sweden and Denmark, the designated operators will merge to one limited liability company. As far as we know, the Swedish part of the company will be state owned, whereas the Danish part already is part-privatised. How this will develop in the future, remains to be seen. We expect that this merged company will compete outside the boundaries of the two member countries, which underlines the new direction that we will have to get used to in the future.

The UPU Acts generally regulate international exchange of mail between designated operators. In a liberalised market the exchange of mail will increasingly take place between designated and non-designated operators. The Acts are not sufficiently prepared for this development. For instance a non-designated operator in the country of destination could experience discriminatory customs procedures compared to a designated operator, even if the mail it receives comes from a designated operator in the country of origin, and the mail is of the same type as between two different designated operators.

If such discriminatory procedures are kept for universal services, or for reserved services if they still exist, how can one ensure that a designated operator does not abuse its rights according to UPU rules also when it comes to other services, which are not universal or reserved?

We should also look into how new market players in a better way can be included in the UPU work in general. It might perhaps be useful to compare with experiences from ITU on organisation and regulation to include new market players.

Although it reduces the scarce resources of UPU, we should seriously consider having an external consultant to make this study.

I think this should be an important background for the study that we will commence this year.

If you have any questions, please do not hesitate to contact me.

Best regards,


Egil Thorstensen